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ALASKA AIR CARRIERS ASSOCIATION
TESTIMONY BEFORE
THE SENATE TRANSPORTATION COMMITTEE
FEBRUARY 6, 1986

Chairman Coghill and members of the Senate Transportation Committee, my name is Reed Stoops and I am here today to discuss the implementation of House Bill 133, which was passed last year. We would like to thank you for your cooperation in working with us on the legislation last year, and for your continuing interest in its implementation.

First, I will briefly comment on the Interim Committee report which addressed points raised in the letter of intent which accompanied HB 133. As you are aware, 1985 was not a very good year in terms of air safety. We had a total of 43 accidents, in which there were 17 fatalities. While this was a higher number of accidents than experienced during the last three years, it is below the number of accidents and fatalities in 1980-1981.

In trying to determine whether additional safety related requirements are necessary to insure improved safety in the air industry, we have to concur with the findings of the interim report that there is insufficient statistical analysis at this time to support the need for new requirements. We do, however, feel that we should try to improve accident data in 1986, as there could well prove to be a demonstrable need for higher standards of flight operations.

As to the need for additional pilot training, we feel strongly that this is vital to improved safety. The Alaska Aviation Safety Foundation has very recently completed a set of lesson plans designed specifically for Alaskan conditions. These are now being presented to pilots in communities throughout the State. With continued support from the State for this training effort, we hope to reduce air accidents through this voluntary program.

The implementation of HB 133 through the Department of Commerce and Economic Development has been acceptable administratively, but suffers from lack of enforcement. Shortly after passage of the bill last year, we found ourselves in disagreement with the Department over the enforceability of the provisions requiring a certificate of compliance for minimum insurance levels. An attorney general's opinion was requested last summer, but to our knowledge no written opinion has yet been completed. In the absence of enforcement, some air carriers are able to operate without the minimum insurance levels adopted in HB 133.

In order to correct this situation, we have reviewed suggested amendments to HB 133 prepared by the Department of Commerce, and wish to endorse several of them in order to assure that the bill will be enforced. I have prepared our recommendations, and enclose them for the committee's consideration, along with justification for each.

We urge you to prepare legislation which incorporates our suggestions, which we view as technical amendments, and which leaves alone the more controversial provisions of HB 133 such as the minimum insurance levels. We also endorse the Governor's budget request for additional administrative support to the Division of Weights and Measures to enforce HB 133.

Thank you for the opportunity to appear before you today.

Amendment 1 to Sec. 42.30.200(e) increases the size and severity of a fine to an air carrier who flies passengers for hire without first securing the minimum insurance levels required by HB 133 (\$150,000 per seat). Without a more strict penalty, carriers may find it cheaper to ignore the law than to comply.

Amendment 2 to Sec. 42.30.225(b) allows the insurance "certificate of compliance" to be posted in a visible location other than in the aircraft. This would be particularly helpful to the jet carriers which often interchange planes, thus making it difficult to post certificates in the aircraft. It would also reduce the cost of a certificate from \$50 to \$25.

Amendment 3 to Sec. 42.30.225(c) specifically authorizes the Department of Commerce to stop aircraft from carrying passengers for hire until they comply with HB 133.

Amendment 4 to Sec. 42.30.225(d) provides for a specific penalty for a carrier who fails to obtain a certificate of insurance from the State.

Amendment 5 to Sec. 42.30.380(3) clarifies the definition of aircraft to include rotor devices (helicopters).

Study seeks to pinpoint factors in Alaska air crash

By CHAS GIGER
Daily News Service

Alaska pilots who fly unfamiliar aircraft, land in Juneau, or fly on hunting trips may be taking a greater risk than they know.

According to statistics compiled by the state Epidemiology Office, about 46 percent of fatal crashes during a 19-year period involved pilots with less than 50 hours of experience in the plane they were flying. About 31 percent of accidents in the Juneau area, and about 35 percent of hunting-related crashes were killers.

As part of a continuing

study, the office has analyzed many other causes of Alaska aircraft crashes from 1963 to 1981 and put numbers to some of the specific dangers of Alaska aviation.

Although the numbers are more suggestive than definitive, said State Epidemiologist John Middaugh, they may help pinpoint factors that need more study — and eventually lead to safety measures by aircraft manufacturers and regulatory agencies.

Begun in 1983, the study analyzes Federal Aviation Administration and National Transportation Safety Board crash data for 3,887 general

aviation accidents.

The study identified 12,426 risk factors organized them in categories. The threats most often common accidents were pilot weather and terrain.

Some of the specific factors analyzed time of year, location aircraft, weather or drug and alcohol carbon monoxide blood.

According to the crashes of private showed a lower fatal

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Crash study

Continued from Page B-1

1.2 percent) than air taxi crashes (15.5 percent). The air taxi crashes were more often caused by weather conditions and ground personnel, while private aircraft accidents were more often the result of pilot error or hazardous terrain.

The study said the total number of flying hours, and total number of hours in the model of aircraft that crashed, were of "striking importance."

"Analysis . . . strongly suggests that experienced pilots are at high risk of accidents when flying a new aircraft regardless of total numbers of hours of aviation experience," the study said.

Thirteen out of 309 Alaska pilots involved in crashes — about 10 percent — had blood

Seminars aimed at flying safety in Alaska

Continued from Page B-1

seminar already has been held in Bethel.

Next fall's seminars will be presented by longtime pilots with experience in the various subject areas, Zundel said, and will either be free or cost very little.

One of the lessons, called "Flight Techniques: Area Specific," consists of eight different seminars, each tailored to a different part of the state.

levels of the poisonous gas carbon monoxide that could have impaired their flying ability, the study says. Nine of the 309 pilots had drugs in their bloodstreams, and 36 — about 12 percent — had some level of alcohol.

The study also found:

- The proportion of fatal crashes to total accidents was highest in and near Juneau,

followed by Ketchikan, Palmer, Cordova and Bettles.

- Flying associated with hunting was more likely to result in fatal accidents. Alaska NTSB chief Jim Michelangelo said this may be because hunters tend to overload their aircraft with game.

- Pilot error was cited in about 41 percent of all accidents. Inadequate preflight

The other eight lessons are entitled:

- "Flight Techniques in Adverse Weather."
- "Pilotage and Navigation in Alaska."
- "Mountain Flying — General and Specific Pass Flying."
- "Fuel Handling and Management."
- "Cold Weather Operations."
- "Gathering and Interpreting Weather Information and Trends."
- "Landings and Takeoffs."

preparation, failure to maintain or reach flying speed, and aircraft overload were the most common specific causes.

- Passengers in helicopters that crash are more likely to get hurt than those in fixed-wing aircraft.

- Night flying was a cause of a significant number of deaths.

Nothing short of total safety will do

The Federal Aviation Administration has a lengthy record of achievement in Alaska few federal agencies can match. But the U.S. Department of Transportation's recent draft audit of the Alaska Region's Aviation Safety Enforcement Program raises some serious questions about FAA practices that have yet to be answered adequately.

Auditors discovered that the FAA was not inspecting Alaska air carriers with required frequency. They also revealed a lack of standard inspection procedures, a records management system that had fallen into disuse, and a pattern of reduced sanctions and penalties against carriers found in violation of air safety regulations. In response, an Alaska FAA spokesman charged the auditors were mistaken and misguided — but he would not release a copy of the FAA's official reply to the auditors.

The FAA audit is particularly troubling given one of the records that is available: the Alaska aviation accident record. According to the National Transportation Safety Board, there were 26 accidents involving air taxi operators between Oct. 1, 1984 and April 18, 1985. Seven of these accidents produced fatalities — 15 people were killed. That's a painful record.

Gone are the days when bush pilots routinely confronted danger and saved passengers' lives with aviation miracles. Today, Alaska commercial aviation is a business, not a form of wilderness adventure.

Although most Alaskan carriers surely operate in a responsible manner, Alaskans deserve continued assurance they can fly with confidence. Planes must be safe; pilots must prove they can do the job; companies must operate in a safe manner. There is no excuse for anything less than a premium on safety from the entire aviation industry. And the FAA must be there to see that regulations and requirements protecting the public are met. Nothing less than the highest standards — and enforcement levels — will do.

Seminars designed for flying conditions in state

By CHRIS GEIGER
Daily News reporter

Pilots in Georgia generally don't have to worry about whiteout conditions, ice freezing into gel, or wings that get so cold they fall off.

But Alaska pilots have more to contend with, and that was part of the inspiration for a special curriculum on Alaska aviation developed by the Alaska Aviation Safety Foundation.

Under contract from the legislature, the foundation completed the curriculum a month ago, and if all goes well will begin presenting its series of nine safety seminars

in October. Videotapes of the seminars eventually will be distributed all over the state, a foundation spokesman said.

"The terrain and climate here are so different," said Dave Zundel, vice president of the foundation. "People need to know more specifics about what to expect."

The foundation, an educational arm of the Alaska Air Carriers Association, began developing the lesson plans a year-and-a-half ago, after studies by federal and private agencies indicated a need for such educational efforts, Zundel said. One free preliminary

See Page B-3, SEMINARS

1 Sec. 42.30.200. AIR CARRIER FINANCIAL RESPONSIBILITY. (a) A person
2 who carries passengers or freight for commercial purposes intrastate in an
3 aircraft shall procure and maintain security in the following minimum
4 amounts:

5 (1) Liability for bodily injury or death of persons:

6 A limit of at least \$150,000 for any one person in any one
7 occurrence and a limit for each occurrence in any one aircraft of at least
8 an amount equal to the sum produced by multiplying one hundred fifty
9 thousand dollars (\$150,000) by seventy five percent (75 percent) of the
10 total rated seating capacity of the aircraft. [\$150,000 PER SEAT FOR
11 BODILY INJURY OR DEATH IN A SINGLE OCCURRENCE; AND]

12 (2) Liability for loss of or damage to property:

13 A limit of at least one hundred thousand dollars (\$100,000)
14 for each occurrence. [\$100,000 FOR PROPERTY DAMAGE IN A SINGLE OCCURRENCE]

15 (b) Evidence of security required under (a) of this section shall be
16 filed with the department and must be

17 (1) a policy or certificate of insurance issued by an insurer
18 acceptable to the department; or

19 (2) a bond of a surety company licensed to write surety bonds in
20 the state; or

21 (3) evidence accepted by the department, showing ability to
22 self-insure; or

23 (4) other security approved by the department.

24 (c) The department may authorize department personnel to enforce this
25 section and may adopt procedural regulations necessary to implement this
26 section.

27
28 Commerces Proposed Changes to
 AS 42.30.200, .205, 380 - (Air
 Carrier Financial Responsibility)

1 (d) A policy of insurance, surety bond, or other form of security may
2 not be cancelled on less than 30 days written notice to the department.
3 This requirement must be clearly stated in the policy or endorsement for an
4 insurance policy submitted as proof of financial responsibility under AS
5 42.30.225(a)(1). The 30 day notice period is measured from the date on
6 which the department receives notice.

7 (e) A person who violates [(a) OF] this section is guilty of a class
8 [B] A misdemeanor and is punishable by a fine of not less than [\$500]
9 \$1,000 or more than [\$1,000] \$5,000.

10
11 Sec. 42.30.225. CERTIFICATION OF COMPLIANCE OF AIR CARRIERS. (a) A
12 person may not use an aircraft in air commerce before obtaining an annual
13 certificate of compliance for that aircraft from the department. The
14 department shall issue or renew a certificate of compliance upon
15 application and presentation of

16 (1) proof of financial responsibility required under AS
17 42.30.200;

18 (2) proof of compliance with Federal Aviation Administration
19 requirements, and, where applicable, federal certification for scheduled
20 airline service.

21 (b) The annual fee for a certificate of compliance is \$50. The
22 certificate is valid for a period of 12 months following the date of
23 certification. The certificate shall be displayed [ON THE AIRCRAFT] so
24 that it [IS] is visible to boarding passengers.

25 (c) The department may investigate complaints or violations of this
26 section and conduct other investigations that the department considers
27 appropriate and advisable to develop information on possible violations of
28 AS 42.30.200 or AS 42.30.225 and may, upon completion of this investigation

1 where a violation of AS 42.30.200(a) exists, issue a stop use order. [USE
2 OF AN AIRCRAFT IN AIR COMMERCE BEFORE OBTAINING A CERTIFICATE OF COMPLIANCE
3 REQUIRED UNDER (a) OF THIS SECTION MAY BE CAUSE FOR DENIAL OF THE
4 CERTIFICATE]

5 (d) A person who violates this section is guilty of a class B
6 misdeemeanor and is punishable by a fine of not less than \$500 or more than
7 \$1,000. [A PERSON WHO HAS OBTAINED A CERTIFICATE TO USE AN AIRCRAFT IN AIR
8 COMMERCE FROM THE ALASKA TRANSPORTATION COMMISSION BEFORE THE EFFECTIVE
9 DATE OF THIS ACT IS NOT REQUIRED TO OBTAIN A CERTIFICATE OF COMPLIANCE
10 UNDER (a) OF THIS SECTION UNTIL THE DATE THE INSURANCE POLICY FOR THE
11 AIRCRAFT IS RENEWED]

12 (e) The department may authorize department personnel to enforce this
13 section and may adopt procedural regulations necessary to implement this
14 section.

15
16 Sec. 42.30.380. DEFINITIONS. (a) In AS 42.30.200 - 42.30.380,

17 (1) "air carrier" means a person undertaking to engage in air
18 commerce, whether directly or indirectly, or by lease, contract, or any
19 other arrangement, and whether over regular or irregular routes;

20 (2) "air commerce" means carriage by aircraft of persons or
21 freight for commercial purposes or hire in intrastate commerce, including
22 the carriage by aircraft of persons or freight that move partly by aircraft
23 and partly by other forms of transportation;

24 (3) "aircraft" means a propeller, rotor or jet powered device
25 used or designed for flight in the air;

26 (4) "commercial purposes" means activities for which the persons
27 receives direct monetary compensation and does not include activities
28 incidental to and done in furtherance of the person's primary business;

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(5) "department" means the Department of Commerce and Economic
Development;

(6) "freight" means commodities, articles, and cargo, of
whatever nature or value, excluding garbage and trash.

Introduced: 1/31/86
Referred: State Affairs
and Labor and Commerce

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2 SENATE BILL NO. 380

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to commercial vehicle financial
7 responsibility; and providing for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. AS 28.33.010(a) is amended to read:

10 (a) A person who carries passengers or freight for hire intra-
11 state in a commercial motor vehicle or a person who carries freight in
12 a motor vehicle for commercial purposes, or a person who rents or
13 leases a motor vehicle for the use of another to carry freight shall
14 procure and maintain security [IN THE FOLLOWING MINIMUM AMOUNTS:

15 (1) \$200,000] for property damage, [IN A SINGLE OCCURRENCE;
16 (2) \$500,000 FOR] bodily injury, or death, in a single
17 occurrence, in minimum amounts set by the department in
18 regulations adopted under this chapter.

19 * Sec. 2. AS 28.33.010(c) is amended to read:

20 (c) The department may authorize department personnel to enforce
21 this section and shall [MAY] adopt [PROCEDURAL] regulations necessary
22 to implement this section, including regulations to set minimum secu-
23 urity amounts under (a) of this section.

24 * Sec. 3. Section 2 of this Act takes effect immediately in accordance
25 with AS 01.10.070(c).

26 * Sec. 4. Section 1 of this Act takes effect on the effective date of
27 regulations adopted under AS 28.33.010(c), amended in sec. 2 of this Act,
28 which set the minimum security amounts required for commercial vehicles.

Offered: 5/12/85

Original sponsor: Rules/Governor

1 IN THE HOUSE BY THE CONFERENCE COMMITTEE
2 CONFERENCE CS FOR HOUSE BILL NO. 133
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FOURTEENTH LEGISLATURE - FIRST SESSION
5 A BILL

6 For an Act entitled: "An Act relating to transportation safety and finan-
7 cial responsibility; and providing for an effective
8 date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. AS 28.10.041(a) is amended by adding a new paragraph to
11 read:

12 (9) the vehicle is without a certificate of inspection
13 required under AS 28.32.010.

14 * Sec. 2. AS 28.15.041 is amended by adding a new subsection to read:

15 (c) A person may not drive a commercial motor vehicle until the
16 person applies for and is issued a license for that purpose under (a)
17 of this section. The department may not issue a license under this
18 subsection unless the applicant is at least 19 years of age, has held
19 a valid driver's license at least one year, and has successfully
20 completed all required driving tests and written and physical examina-
21 tions. In this subsection, "commercial motor vehicle" has the meaning
22 given in AS 28.32.900.

23 * Sec. 3. AS 28 is amended by adding a new chapter to read:

24 CHAPTER 32. COMMERCIAL MOTOR VEHICLE SAFETY INSPECTIONS.

25 Sec. 28.32.010. COMMERCIAL MOTOR VEHICLE SAFETY INSPECTIONS. A
26 commercial motor vehicle may not be operated after January 1, 1986
27 without a certificate of inspection. An owner of a commercial motor
28 vehicle shall renew a certificate of inspection at least semi-annually
29 at an official inspection station under AS 28.32.030. The owner may

1 renew a certificate of inspection at any time during the office hours
2 of the inspection station. An owner of a commercial motor vehicle
3 shall display a current sticker of inspection visible from outside the
4 vehicle in a location determined by the division.

5 Sec. 28.32.020. EXEMPTIONS. A commercial motor vehicle is
6 exempt from the requirements of AS 28.32.010 if it is

7 (1) owned and operated by the federal government unless the
8 vehicle is used to transport property of the general public for com-
9 pensation in competition with other persons who own or operate a
10 commercial motor vehicle subject to this chapter, and except to the
11 extent regulation of vehicles operated by the federal government is
12 permitted by federal law;

13 (2) used exclusively to transport ranch and farm products
14 other than bulk milk; or

15 (3) customarily and historically used for commercial
16 purposes for less than 20 hours per month.

17 Sec. 28.32.030. OFFICIAL COMMERCIAL MOTOR VEHICLE INSPECTION
18 STATIONS. (a) A person may not operate an official commercial motor
19 vehicle inspection station without a permit from the division. The
20 division shall approve an application for permit to operate an in-
21 spection station if

22 (1) the division determines the inspection station has
23 proper equipment and competent personnel; and

24 (2) a commercial motor vehicle inspector certified under
25 AS 28.32.040 is employed at the inspection station.

26 (b) After the division approves an application for a permit to
27 operate an official inspection station under (a) of this section, it
28 shall provide the applicant with a permit and certificates of inspec-
29 tion.

1 (c) Upon receipt of a permit from the division under (b) of this
2 section, the operator of an official commercial motor vehicle inspec-
3 tion station shall post the permit in a conspicuous place at the
4 location designated by the division.

5 (d) The division may enter the premises of the operator of an
6 official commercial motor vehicle inspection station during the
7 station's business hours to inspect the work of a certified commercial
8 motor vehicle inspector or to determine if the operator continues to
9 meet the requirements of this section.

10 (e) The division shall suspend or revoke a permit of an operator
11 of an official commercial motor vehicle inspection station if the
12 operator fails to meet the requirements of this section.

13 (f) Upon notice of suspension or revocation of a permit under
14 (e) of this section, the operator of an official commercial motor
15 vehicle inspection station shall immediately terminate all inspection
16 activities and, on demand by the division, return the permit and all
17 unissued certificates of inspection. The division shall issue a
18 receipt for all returned certificates of inspection.

19 (g) If a permit is suspended or revoked under (e) of this sec-
20 tion, the division shall give the holder of the permit a hearing
21 within 10 days after receipt of a written request filed with the
22 division within 30 days after suspension or revocation.

23 (h) A permit to operate an official commercial motor vehicle
24 inspection station may not be assigned, transferred, or used at a
25 location other than the location designated by the division.

26 Sec. 28.32.040. CERTIFICATION OF COMMERCIAL MOTOR VEHICLE IN-
27 SPECTORS. (a) A person may not conduct a commercial motor vehicle
28 inspection at an official inspection station under AS 28.32.030 unless
29 certified as a commercial motor vehicle inspector by the division.

1 (b) The division may suspend or revoke the certification issued
2 to a commercial motor vehicle inspector under (a) of this section if
3 the commercial motor vehicle inspector improperly conducts inspections
4 or fails to comply with a provision of this section.

5 (c) If a certificate is revoked or suspended under (b) of this
6 section the division shall give a commercial motor vehicle inspector a
7 hearing within 10 days after the receipt of a written request filed
8 with the commissioner within 30 days after revocation or suspension.

9 Sec. 28.32.050. ISSUANCE OF CERTIFICATE OF INSPECTION. (a) A
10 person operating an official commercial motor vehicle inspection
11 station shall issue a certificate of inspection to the owner of a
12 commercial motor vehicle after determining that the commercial motor
13 vehicle is in a safe and mechanically sound condition.

14 (b) A person operating an official commercial motor vehicle
15 inspection station shall keep a record of each inspection performed at
16 the station. The division may audit the records of an official in-
17 spection station at any time.

18 Sec. 28.32.060. FALSELY REPRESENTING TO BE AN OFFICIAL STATION.
19 (a) A person may not represent a place as an official commercial
20 motor vehicle inspection station unless the station is operating under
21 a valid permit issued by the division under AS 28.32.030.

22 (b) A person may not issue a certificate of inspection under
23 AS 28.32.050 unless the person holds a valid permit under AS 28.-
24 32.030.

25 Sec. 28.32.070. COUNTERFEIT CERTIFICATES OF INSPECTION. (a) A
26 person may not make, issue, or knowingly use an imitation or counter-
27 feit of an official certificate of inspection.

28 (b) A person may not knowingly display or issue a certificate
29 of inspection on a commercial motor vehicle unless the commercial

1 motor vehicle has met the requirements of AS 28.32.050(a).

2 Sec. 28.32.080. DUTIES OF COMMISSIONER. The commissioner of
3 public safety shall adopt procedural regulations appropriate to
4 achieve compatibility with other western states and procedural
5 regulations necessary to implement this chapter.

6 Sec. 28.32.090. VIOLATION A MISDEMEANOR. A person who violates
7 a provision of this chapter is guilty of a class B misdemeanor.

8 Sec. 28.32.900. DEFINITIONS. In this chapter,

9 (1) "commercial motor vehicle" means a vehicle used by the
10 owner or another person for commercial purposes upon a highway or
11 vehicular way with a daily traffic volume greater than 499 that is a
12 part of the state highway system or is connected by another highway or
13 vehicular way to the state highway system, if the vehicle is

14 (A) a school bus;

15 (B) a state or local government vehicle of more than
16 10,000 pounds unladen gross weight;

17 (C) a truck or bus of more than 10,000 pounds unladen
18 gross weight; or

19 (D) a trailer of 5,000 pounds or more unladen gross
20 weight attached to a vehicle described in (C) of this paragraph;

21 (2) "commercial purposes" means activities for which a
22 person receives direct monetary compensation or activities for which a
23 person receives no direct monetary compensation but are incidental to
24 and done in furtherance of the person's primary business;

25 (3) "division" means the division of motor vehicles, De-
26 partment of Public Safety.

27 * Sec. 4. AS 28 is amended by adding a new chapter to read:

28 CHAPTER 33. COMMERCIAL MOTOR VEHICLE FINANCIAL RESPONSIBILITY.

29 Sec. 28.33.010. FINANCIAL RESPONSIBILITY. (a) A person who

1 carries passengers or freight for hire intrastate in a commercial
2 motor vehicle or a person who carries freight in a motor vehicle for
3 commercial purposes, or a person who rents or leases a motor vehicle
4 for the use of another to carry freight shall procure and maintain
5 security in the following minimum amounts:

6 (1) \$200,000 for property damage in a single occurrence;

7 (2) \$500,000 for bodily injury or death in a single occur-
8 rence.

9 (b) Evidence of security required under (a) of this section
10 shall be filed with the department and must be

11 (1) a policy or certificate of insurance issued by an
12 insurer acceptable to the department; or

13 (2) a bond of a surety company licensed to write surety
14 bonds in the state; or

15 (3) evidence accepted by the department, showing ability to
16 self-insure; or

17 (4) other security approved by the department.

18 (c) The department may authorize department personnel to enforce
19 this section and may adopt procedural regulations necessary to imple-
20 ment this section.

21 (d) A policy of insurance, surety bond, or other form of securi-
22 ty may not be cancelled on less than 30 days' written notice to the
23 department. This requirement must be clearly stated in the policy or
24 endorsement for an insurance policy submitted as proof of financial
25 responsibility under AS 42.30.225(a)(1). The 30-day notice period is
26 measured from the date on which the department receives notice.

27 (e) A person who violates (a) of this section is guilty of a
28 class B misdemeanor and is punishable by a fine of not less than \$500
29 or more than \$1,000.

1 (f) In this section "freight" means commodities, articles, and
2 cargo, of whatever nature or value.

3 * Sec. 5. AS 42.30.200 is amended to read:

4 Sec. 42.30.200. AIR CARRIER FINANCIAL RESPONSIBILITY. (a) A
5 person who carries passengers or freight for commercial purposes
6 [HIRE] intrastate in an aircraft shall procure and maintain security
7 in the following minimum amounts:

8 (1) \$150,000 per seat for bodily injury or death in a
9 single occurrence; and

10 (2) \$100,000 for property damage in a single occurrence [AN
11 AMOUNT DETERMINED BY THE DEPARTMENT OF PUBLIC SAFETY AS NECESSAR FOR
12 THE REASONABLE PROTECTION OF THE PUBLIC AGAINST DAMAGES OR INJURY
13 CAUSED BY THE PERSON].

14 (b) Evidence of security required under (a) of this section
15 shall be filed with the department and must be

16 (1) a policy or certificate of insurance issued by an
17 insurer acceptable to the department; or

18 (2) a bond of a surety company licensed to write surety
19 bonds in the state; or

20 (3) evidence accepted by the department, showing ability to
21 self-insure; or

22 (4) other security approved by the department.

23 (c) The department may authorize department personnel [ENFORCE-
24 MENT OFFICERS] to enforce this section and may adopt procedural regu-
25 lations necessary to implement this section.

26 * Sec. 6. AS 42.30.200 is amended by adding new subsections to read:

27 (d) A policy of insurance, surety bond, or other form of secur-
28 ity may not be cancelled on less than 30 days' written notice to the
29 department. This requirement must be clearly stated in the policy or

1 endorsement for an insurance policy submitted as proof of financial
2 responsibility under AS 42.30.225(a)(1). The 30-day notice period is
3 measured from the date on which the department receives notice.

4 (e) A person who violates (a) of this section is guilty of a
5 class B misdemeanor and is punishable by a fine of not less than \$500
6 or more than \$1,000.

7 * Sec. 7. AS 42.30 is amended by adding new sections to read:

8 Sec. 42.30.225. CERTIFICATION OF COMPLIANCE OF AIR CARRIERS.

9 (a) A person may not use an aircraft in air commerce before obtaining
10 an annual certificate of compliance for that aircraft from the depart-
11 ment. The department shall issue or renew a certificate of compliance
12 upon application and presentation of

13 (1) proof of financial responsibility required under
14 AS 42.30.200;

15 (2) proof of compliance with Federal Aviation Administra-
16 tion requirements, and, where applicable, federal certification for
17 scheduled airline service.

18 (b) The annual fee for a certificate of compliance is \$50. The
19 certificate is valid for a period of 12 months following the date of
20 certification. The certificate shall be displayed on the aircraft so
21 that it is visible to boarding passengers.

22 (c) Use of an aircraft in air commerce before obtaining a cer-
23 tificate of compliance required under (a) of this section may be cause
24 for denial of the certificate.

25 (d) A person who has obtained a certificate to use an aircraft
26 in air commerce from the Alaska Transportation Commission before the
27 effective date of this Act is not required to obtain a certificate of
28 compliance under (a) of this section until the date the insurance
29 policy for the aircraft is renewed.

1 (e) The department may authorize department personnel to enforce
2 this section and may adopt procedural regulations necessary to imple-
3 ment this section.

4 Sec. 42.30.380. DEFINITIONS. (a) In AS 42.30.200 - 42.30.380,

5 (1) "air carrier" means a person undertaking to engage in
6 air commerce, whether directly or indirectly, or by lease, contract,
7 or any other arrangement, and whether over regular or irregular
8 routes;

9 (2) "air commerce" means carriage by aircraft of persons or
10 freight for commercial purposes or hire in intrastate commerce, in-
11 cluding the carriage by aircraft of persons or freight that move
12 partly by aircraft and partly by other forms of transportation;

13 (3) "aircraft" means a propeller or jet-powered device used
14 or designed for flight in the air;

15 (4) "commercial purposes" means activities for which the
16 person receives direct monetary compensation and does not include
17 activities incidental to and done in furtherance of the person's
18 primary business;

19 (5) "department" means the Department of Commerce and
20 Economic Development;

21 (6) "freight" means commodities, articles, and cargo, of
22 whatever nature or value, excluding garbage and trash.

23 * Sec. 8. AS 44.33.020 is amended by adding a new paragraph to read:

24 (27) implement the safety and financial responsibility
25 requirements for air carriers under AS 42.30.200 - 42.30.380.

26 * Sec. 9. This Act takes effect immediately in accordance with AS 01.-
27 10.070(c).

Alaska State Legislature

Senate Transportation Committee



Sen. John B. (Jack) Coghill, Chairman
Sen. Paul Fischer, Vice-chairman
Sen. Mitch Abood
Sen. Jan Finks
Sen. Joe Josephson

Douch V
Juneau, Alaska 99811

MEMORANDUM

To: Committee Members
From: Committee Staff *BL*
Re: Meeting of February 5, 1986

Today the committee will be taking up a discussion of problems and potential solutions regarding the enforcement of what was known last year as HB 133. Commissioner Sundberg and Joe Swanson of DCED, Division of Measurement Standards, will be giving testimony on any problems with enforcement of the new statutes that they have run into.

Included in this packet is a copy of the Conference Committee Substitute passed by the House and Senate Conference Committee on HB 133 last year, a "clean up" bill introduced by the Governor's office, Commerce's proposed changes to the statutes, and a letter by the Insurance Company of North America to a company in Soldotna in response to the passage of HB 133.

We will also be continuing work on CSHB 111, please bring both 111 packets for that discussion, thank you.

Alaska State Legislature

Senate Transportation Committee



Sen. John B. (Jack) Coghill, Chairman
Sen. Paul Fischer, Vice-chairman
Sen. Mitch Albood
Sen. Jan Fuks
Sen. Joe Josephson

Douch V
Juneau, Alaska 99811

February 4, 1986

TO: Senator John B. Coghill

FROM: Elizabeth Ziegler

RE: HB 133 positions

Tomorrow the following groups will be attend the committee meeting and voice their concerns regarding hb133.

This memo attempts to outline what those positions are, so you will be prepared.

Joe Swanson--has submitted proposed legislation regarding air carrier financial responsibility, enforcement and adding rotor craft to the definition of aircraft.

Reed Stoops--Air Carriers will also say that the portion dealing with enforcement of air certificate of compliance needs more teeth.

Comm. Sundberg and Jim Vaden--Public Safety will just talk about how much money is needed to implement the truck inspection safety program. They will report how the insurance certificate program went since its implementation last fall.

Alaska Trucking Assn.--will testify about how difficult it is to get insurance in the proscribed amounts of the bill.

Gov's office--no word they are coming, but they have introduced SB 380 to allow the dept. to promulgate regulations to deal with the insurance problem.

5, 1986

TO: SENATOR COGHILL
FROM: EZ
RE: TODAY'S MEETING

A. TODAY'S FIRST ORDER OF BUSINESS IS THE OVERVIEW OF WHAT HAS HAPPENED TO HB133 SINCE ITS PASSAGE LAST MAY.

~~1.~~ FIRST CALL COMMISSIONER SUNDBERG TO TESTIFY

~~2.~~ ASK SUNDBERG WHAT HAS BEEN IMPLEMENTED BY PUBLIC SAFETY SINCE PASSAGE.

~~3.~~ ASK HOW THE PROGRAM HAS BEEN SET UP, I.E. THE INSURANCE CERTIFICATES AND WHAT IF ANYTHING HAS BEEN ACCOMPLISHED ON THE TRUCK SAFETY INSPECTION PLAN.

~~4.~~ ASK SUNDBERG WHAT THE DEPARTMENT'S FISCAL NOTE IS ON THE IMPLEMENTATION OF HB 133.

~~5.~~ ASK SUNDBERG HOW SOON WOULD THE GOVERNOR'S BUDGET MONIES WOULD BE AVAILABLE TO THE DEPARTMENT.

B. NEXT CALL JOE SWANSON, DIRECTOR, DIVISION OF MEASUREMENT STANDARDS, COMMERCE AND ECONOMIC DEVELOPMENT.

~~1.~~ ASK JOE ABOUT WHAT MEASUREMENT STANDARDS IS DOING ABOUT THE AIR CARRIER CERTIFICATES OF COMPLIANCE PROGRAM IN HB133.

~~2.~~ ASK JOE IF THERE ARE ANY PROBLEMS WITH THE BILL

~~6.~~ NEXT CALL THE AIR CARRIERS

~~1.~~ REED STOOPS WILL BE THERE.

2. ASK REED HOW THE AIR CARRIER INDUSTRY VIEWS HB 133 AND ANY CONCERNS.

D. NEXT CALL T.J. TRASHER, AK. TRUCKERS ASSN.

THE TRUCKERS CONCERN IS WITH FUNDING FOR THE TRUCK SAFETY PROGRAM.

C.
2.

ALASKA TRUCKING ASSOCIATION POSITION PAPER
ENFORCEMENT OF CHAPTER 104, SESSION LAW '85

THE ALASKA TRUCKING ASSOCIATION URGES THE SECOND SESSION OF THE 14TH LEGISLATURE TO ADEQUATELY FUND THE DEPARTMENT OF PUBLIC SAFETY FOR PROPER ENFORCEMENT OF THE STATE COMMERCIAL VEHICLE LAW.

THE ALASKA TRUCKING ASSOCIATION HAS SUPPORTED HOUSE BILL 133 THROUGH THE FIRST SESSION OF THE 14TH LEGISLATURE AND URGES THAT THIS BILL REMAIN INTACT.

THE ALASKA TRUCKING ASSOCIATION SUPPORTS FUNDING FOR:

The enforcement of the insurance provision which requires that a person who carries passengers or freight intrastate in a commercial motor vehicle shall procure and maintain insurance for property damage and bodily injury or death.

The promulgation of regulations to require a person who drives a commercial motor vehicle to apply for and be issued a license after successful completion of driving tests and written and physical examination.

The promulgation of regulations requirement that all vehicles registered in the State obtain a certificate of inspection, conducted in the private sector under State issued guidelines and control.

THE ALASKA TRUCKING ASSOCIATION BELIEVES FUNDING FOR MINIMUM SAFETY LAWS TO BE ENFORCED IS CRUCIAL FOR TODAY'S DEREGULATED ENVIRONMENT.

Insurance Company of North America
Aeina Insurance Company
Alaska Pacific Assurance Company
CIGNA companies

P.O. Box 6620
Anchorage, AK 99502
(907) 561-1400

July 29, 1985

Pat Cowan
Cowan & Cowan, Inc.
167 Warehouse Drive, Suite A
Soldotna, AK 99669

SUBJECT: NEW FINANCIAL RESPONSIBILITY REQUIREMENTS FOR ALASKA MOTOR VEHICLE OPERATORS

The 1985 Alaska State Legislature has enacted a major change in the motor vehicle financial responsibility requirements for your commercial clients. Because this change has arrived unexpectedly, and because the law is ambiguous on some key points, we would like to inform you of the actions we are taking to comply with the change.

Effective June 13, 1985, Alaska Statutes 28, was amended to include a new chapter, Chapter 33, which imposes a new requirement of financial responsibility as follows:

"A person who carries passengers or freight for hire intrastate in a commercial motor vehicle or a person who carries freight in a motor vehicle for commercial purposes, or a person who rents or leases a motor vehicle for the use of another to carry freight shall procure and maintain security in the following minimum amounts:

- (1) \$200,000 for property damage in a single occurrence;
- (2) \$500,000 for bodily injury or death in a single occurrence."

Unfortunately, Chapter 33 does not define the key phrase "for commercial purposes." There is a definition in Chapter 32, which relates to inspections, which states "In this chapter,....(2) 'commercial purposes' means activities for which a person receives direct monetary compensation or activities for which a person receives no direct monetary compensation but are incidental to and done in furtherance of the person's primary business;"

The Division of Motor Vehicles, Department of Public Safety, is using the Chapter 32 definition to interpret Chapter 33. They are also using the Chapter 32 definition of "commercial motor vehicle" to limit the application of Chapter 33 to "....a vehicle used by the owner or another person for commercial purposes upon a highway or vehicular way.....if the vehicle is

- (A) A school bus;
- (B) A state or local Governmental vehicle of more than 10,000 pounds unladen gross weight;
- (C) A truck or bus of more than 10,000 pounds unladen gross weight; or
- (D) A trailer of 5,000 pounds or more unladen gross weight attached to a vehicle described in (C) of this paragraph."

Insurance Company of North
America Response to HB 133

HB 133

Stock effects

Ch 107, 81A 198

AUG 27 1985



RECEIVED
Department of Law

AUG 14 1985

AM 7, 8, 9, 10, 11, 12, 1, 2, 3, 4, 5, 6 PM

hand delivered

AUG 5 10 12 AM '85

→ SOC by phone told Franke Gorham that he could interpret statutes in pari materia to give some definit said abt legic intt

These interpretations are based on an informal opinion from the Attorney General regarding the Legislature's intent.

The new Chapter 33 also requires your clients to file evidence of security meeting these requirements with the Division of Motor Vehicles. Because of the broad scope of the interpretation, this will cost us significant expense for filings and cancellations of those filings.

There is also a substantial question regarding the use of combined single limits to satisfy the law requirements. We believe that split limits may be mandated by the law. This poses a difficulty, as the vast majority of our commercial automobile liability coverage is now written at \$500,000 CSL.

Because of the expense and effort involved in this matter, we will not pursue those risks which require filings. Please do not bind us on any new business which requires filings. If you must submit any such new business, we will require:

- (1) Copies of the motor vehicle records (not merely the releases) for all drivers of all vehicles to be insured; and
- (2) Complete four-year loss history, including amounts paid and reserved, premiums, carrier name and policy numbers.

Any applications submitted after August 1, 1985, without these items will be returned. We will not write this business unless supported by acceptable package collateral lines.

For supported renewals, and the few new risks we do accept, we will follow these procedures:

- (1) All policies which require filings will be written for the same limits for all vehicles. We will not apply separate limits to exempted vehicles.
- (2) No auto risks with filings will be written as part of a package policy. This is to enable us to control the filings and cancellations. We will remove any such risks from our in-force packages at expiration.
- (3) We will not endorse in-force policies to new limits unless you request. At renewal, our policies will be available (for risks with filings) with three options:
 - a) 500/500/250
 - b) 500/500/500
 - c) 500/1000/250

Renewals with expiring limits of \$500,000 CSL will be written at 500/500/500, unless you advise otherwise. Those with \$1,000,000 CSL will be written at 500/1000/250, unless you request otherwise. Any request for higher limits than expiring, or for more than 500,000, per person, will be subject to very stringent underwriting, and we will limit our acceptance strictly to a few select risks.

4. Effective immediately, we will no longer write bobtail or dead-heading (non-trucking) liability. All such coverage will be non-renewed. No new bobtail coverage will be accepted after August 1, 1985. We will not make filings on this coverage.

These changes reflect our desire to offer coverage within a selected range of risks. It is important to remember that we will entertain no unsupported auto coverage, new or renewal, which requires filings. We wish to provide the coverage only for those accounts which offer a sufficient opportunity for an underwriting profit.

Thank you for taking the time to read this letter. If you have questions or suggestions, please contact the Anchorage Marketing Office through your underwriter.

David G. Sever/CE

David G. Sever
Marketing Vice President